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UNCLAS SECTION 01 OF 02 ISTANBUL 002110

SIPDIS

SENSITIVE

PARIS FOR USOECD

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [TU](#)

SUBJECT: ISTANBUL'S MINIATURE OECD: ENCOURAGING PRIVATE
SECTOR DEVELOPMENT IN TRANSITION ECONOMIES

[1](#)1. (U) SENSITIVE-- NOT FOR INTERNET DISTRIBUTION

[1](#)2. (SBU) SUMMARY: Officials at Istanbul's Center for Private Sector Development, a joint undertaking of the OECD and Turkish International Cooperation Administration (TICA), outlined an ambitious program of seminars and programs for next year in recent meetings with Pol/Econ Section Chief and Econ Specialist. The center seeks to encourage the development of a vibrant and sustainable private sector in target regions through programs focusing on such themes as encouraging foreign direct investment, enterprise finance and financial sector development, investment and agribusiness, and rule of law and anticorruption efforts. In addition, a handful of Turkey-specific activities are planned, including an assessment of regulatory reform in Turkey (the subject of a major series of OECD studies last year) and several sectoral workshops, organized in cooperation with the Istanbul Chamber of Industry (ISO). As in the past, the center will focus on bringing together a range of government officials from transition economies to share experiences and focus on best practices. In effect, Center Manager Engin Goksu stressed, the center functions as a "miniature OECD", focusing on the Southeastern European, Black Sea, Caucasus and Central Asian regions, but also including Russia, Eastern Europe and Mongolia. While primarily funded by the OECD and TICA, the Center is also seeking enhanced cooperation with bilateral donors active in these areas, as well as with potential corporate sponsors of specific programs. End Summary.

[1](#)3. (SBU) A Turkish/OECD Partnership: Pol/Econ Section Chief and Economic Specialist recently toured the spacious offices and conference facilities of Istanbul's "Center for Private Sector Development" in the downtown Eminonu district, overlooking the Golden Horn and Bosphorus. The new facilities, which the center moved into last year, permit it to organize conferences on site, obviating the need to rent more expensive facilities at local hotels. TICA and the OECD jointly support the center's activities, with Turkey paying for the Istanbul facilities for the center, as well as covering lodging and per diem costs for conference and seminar participants. The OECD largely covers the costs of the materials and experts who organize the seminars (Center Manager Goksu is on the OECD's Paris staff), leaving sending countries responsible only for the airfare for their participating officials. On average, the center hosts 15-20 programs a year, with some 30-50 participants per program. Goksu indicated, however, that in some instances Central Asian countries in particular have had difficulty paying the high airfares from the region, so that Central Asian participation has suffered as a result. He indicated that in his travels through the region in recent weeks he has sought to disseminate information about the center to various bilateral aid missions, in the hope of encouraging future cooperation to help meet some of these costs.

[1](#)4. (SBU) 2003 Program: Goksu outlined an ambitious draft agenda of 22 separate programs for the center in 2003. Eight programs will be devoted to encouraging foreign direct investment, including sessions on investment in the tourism sector (a followup to a 2002 program to assess the impact of the earlier session), public-private partnerships, exchange controls and liberalization and its impact on FDI, and FDI, privatization, and environmental issues. Special regional seminars will address investment in extractive industries in the Caspian region, the Eurasia investment initiative (including the Black Sea Investment initiative), and the investment compact within the Stability Pact and the Southeast European Cooperative Initiative (SECI). Two programs are planned on enterprise finance and financial sector development, including enterprise finance and risk capital for Federation of Euro-Asian Stock Exchange (FEAS)

member countries, and a FEAS group meeting on capital market development that will be held in Almaty. Programs on investment and agribusiness are planned focusing primarily on Central Asia (in conjunction with UNCTAD), while the OECD itself will take the lead on a series of programs addressing Rule of Law issues, including "Constitutional Courts on the role of constitutional law in the economic reform process," dispute settlement and commercial arbitration, and the annual meeting of the Anti-corruption network for Transition Economies. Finally, separate programs will address regulatory reform in Turkey, privatization in transition economies, EBRD programs for investors in transition economies, sectoral developments in Turkey (with Turkey's ISO), E-government and E-commerce, and WTO membership for transition economies.

15. (SBU) "A Miniature OECD": Goksu stressed that the center essentially functions as a small-scale OECD, in that it provides a forum for officials from a range of transition economies to come together and exchange knowledge, best practices, and information on how policies can best be implemented. While the center's geographic range is wide, reaching essentially from Vienna to Ulaanbator, its focus remains on the core regions of Southeastern Europe, the Caucasus, and Central Asia. Officials from other Eastern European countries and the Russian Federation have participated as well, however, as have officials from Mongolia.

16. (SBU) Comment: In addition to being an important outreach mechanism for the OECD in its efforts to work with non-member transition economies, the center also represents a substantial commitment of resources by the GOT. As such it particularly represents Turkey's commitment and efforts to build bridges to its newly independent neighbors in Central Asia and the Caucasus. While the center has in the past also benefited from bilateral economic assistance, in particular from GTZ, that aid has now ended, and it is solely reliant on the GOT, OECD and assorted other international organizations that help organize some programs. Goksu stressed, however, that he is committed to seeking not just some limited targeted bilateral assistance to facilitate attendance, but also to outreach to the corporate sector, as the center seeks to fulfill its mandate of encouraging private sector development in its target regions. End comment.

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